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MEMORANDUM FOR THE RECORD

SUBJECT: Concurrence in Definitive Contract No. EQ-1806 with Eastman Kodak Company, Rochester, N.Y. - Project [REDACTED] (AQUATONE)

1. This memorandum contains a recommendation submitted for approval of the Director of Central Intelligence. Such recommendation is set forth in paragraph 6.

2. Definitive Contract No. EQ-1806 replaces Letter Contract No. EQ-1806 and Amendments Nos. 1, 2, and 3 thereto, approved by the Director of Central Intelligence and/or the Project Director under dates of 21 June 1955, 27 June 1955, and 26 January 1956. Amendment No. 2 extended performance time only, and, therefore, approval was not requested. The Letter Contract together with Amendments 1 and 3 thereto, obligated a total of \$1,224,900.00 consisting of funds allocated as follows: \$650,000 AQUATONE Fiscal Year 1955 funds, \$51,900 AQUATONE Fiscal Year 1956 funds, \$193,000 OPI Fiscal Year 1956 funds under allotment 6-5607-10.002 OCR Special Equipment Procurement, and \$330,000 Fiscal Year 1956 funds under allotment OCR Machine Division Equipment Purchase, 6-5603-10.001.

3. As decisions were made as to the level of operations contemplated, and the precise nature and quantities of processing equipment and Minicard equipment were defined, more realistic estimates of equipment requirements and contract costs have developed. Accordingly, the Definitive Contract sets forth a revised contract price of \$1,361,850, leaving a balance of \$136,950 to be obligated out of AQUATONE Fiscal Year 1956 funds, chargeable to Appropriation 11X2150.

4. The Definitive Contract is a fixed-price type subject to price redetermination downward only, upon completion of the work. The scope of the work includes special and standard film processing equipment for installation at Rochester for support of the Test Site and overseas bases, in the amount of \$573,550; Minicard equipment for installation in the Washington, D.C. area for use in connection with Project AQUATONE, in the amount of \$458,300; and Minicard equipment for installation in the Washington, D.C. area for OGD in the amount of \$330,000.

5. By memorandum dated 2 June 1955 from the Director of Central Intelligence to the Comptroller, and in accordance with the provisions of Section 10(b) of Public Law 110, 81st Congress, the Director of Central Intelligence has certified that the sum of \$3,000,000 is available for Project [REDACTED]. The total contract obligations under the project, to date, including the additional funds to be obligated hereunder, are \$2,071,850.

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6. Approval of Definitive Contract No. EQ-1506 and execution thereof on behalf of the Agency by the authorized Project Contracting Officer is recommended.

RICHARD M. HISSKILL, JR.
SA/PC/DCI - PROJECT DIRECTOR

CONCURRENCES:

5/9/56
General Counsel

5/5/56
Comptroller

**Approval Requested in Paragraph
6, granted:**

Director of Central Intelligence

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JHP:lmw (2 May 1956)

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